



# AEDC Monthly Update

## Overview and SCW "But For" TIRZ Analysis

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JANUARY 2021

**INTERIM DRAFT - CONFIDENTIAL TREATMENT REQUESTED UNDER FOI**

# South Central Waterfront (SCW) Overview

## SCW History | Background

**Town Lake Corridor Study** established principles and goals for future development along the waterfront.

1985

City Council initiated the development of a **Small Area Plan** to govern public priorities for the district.

2013

City Council adopted **SCW Vision Framework Plan**, including a **20% district affordability** requirement.

2016

2012

Council appoints Waterfront Planning Advisory Board to host **citizen engagement and public workshops**.

2014

**Draft Vision Framework Report** highlighted community priorities and identified needed plan components.

*2012-2016: the City hosted 19 public events with nearly 2,000 participants.*

## SCW History | Recent Efforts

As recommended by SCWAB, Finance Department hires CMR to conduct **TIF financial analysis**, including revenue projections.

**2018**

City updates **SCW Modified Physical Framework** and ECONorthwest development feasibility analysis.

**May-Sep. 2020**

Austin voters approve **Project Connect** bond, which will fund two light-rail transit stations in the district.

**Nov. 2020**

**2018**

SCWAB recommends the creation of an **economic development entity** to implement the Vision Plan.

**Oct. 2020**

City Council establishes the **Austin Economic Development Corporation** to help manage the district.

**Ongoing**

AEDC regularly briefs the SCWAB on strategy for implementing the Vision Plan, including a **potential TIRZ**.

*2016-Today: the **South Central Waterfront Advisory Board** oversees Vision Plan implementation.*

## SCW Today

The 118-acre district primarily consists of **low-density commercial** and warehouse uses surrounded by large, **underutilized parking lots**.

The City of Austin controls one parcel within the district – **One Texas Center**. The remaining sites are controlled by 29 private landowners (excluding Riverwalk condominiums).

The Cox Family (owners of Austin Statesman) controls the largest site, totaling **19 acres on the waterfront**. Their development partner, Endeavor, has applied for a PUD to redevelop the site.



# SCW Vision

As adopted by City Council on June 16, 2016, the **SCW Vision Framework Plan** prescribes a districtwide network of green streets, parks, trails, and **17 acres of open space**, while supporting **~530 affordable housing units**.



Enhance connections to and along the waterfront



Expand open spaces and create great public places.



Establish a lively, safe and attractive pedestrian environment.



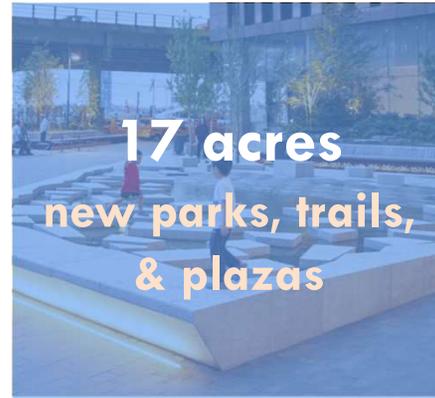
Include 20% new housing units as affordable.

# SCW Program

## PRIVATE DEVELOPMENT PROGRAM



## PUBLIC REALM IMPROVEMENTS



# "But For" Analysis

## Need for TIRZ

Over two-thirds of new private development in the South Central Waterfront, **including the Statesman site**, is infeasible without public investment.

The market only supports a small percentage of sites as **condo** and **office** without public action.



There is a **private sector feasibility gap** on **65%+** of sites requiring public action to enable development at all.



COA goals for infrastructure, sustainability & affordability (SCW Plan) **would require additional** public investment.

# Three Development Scenarios

*Based on prior City and ECONorthwest analysis*

1

## No Investment

Requires developer funding for vertical costs & baseline infrastructure.

2

## Baseline Feasibility

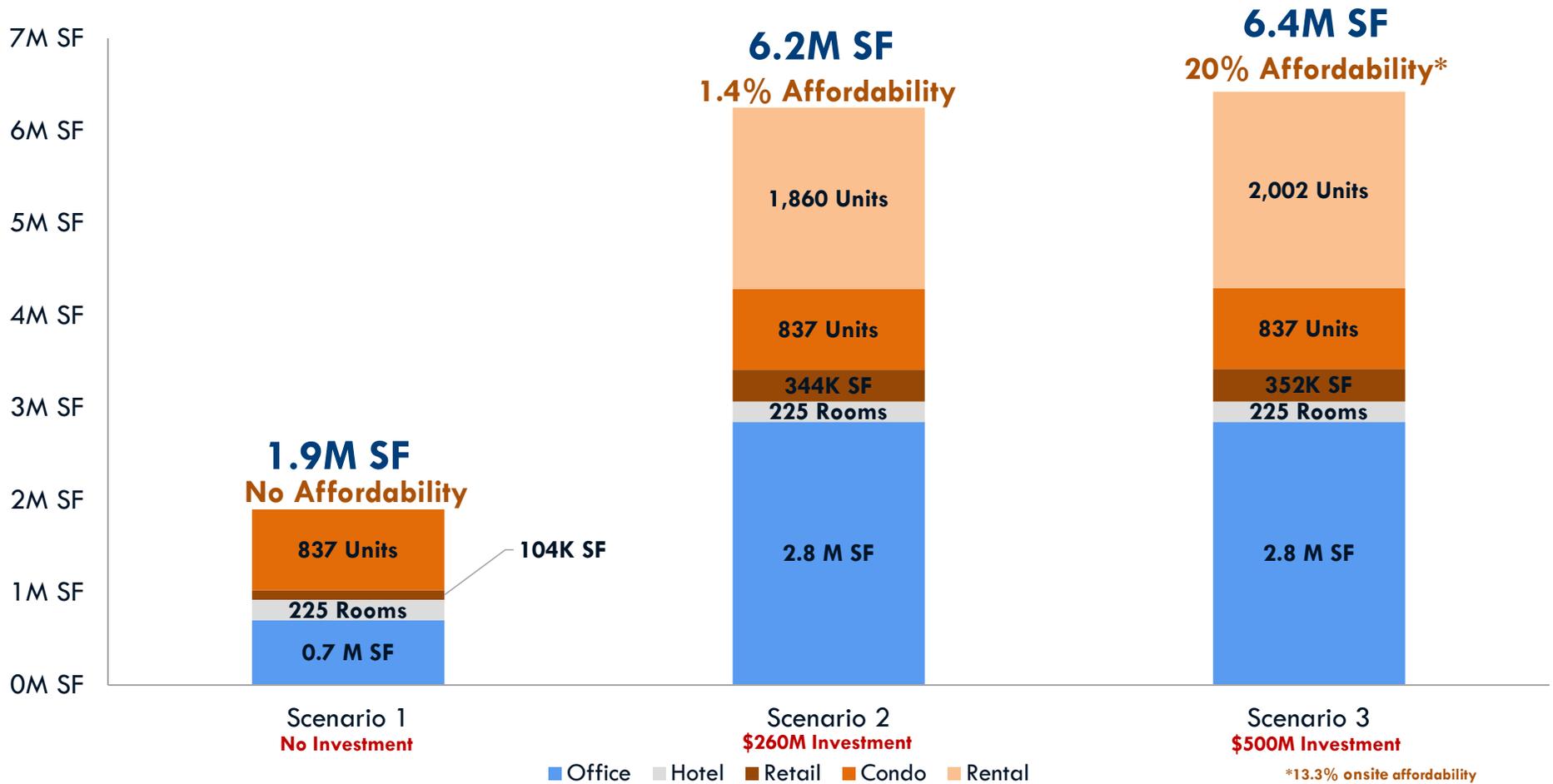
Covers baseline costs to enable private development on all parcels.

3

## Full City Vision

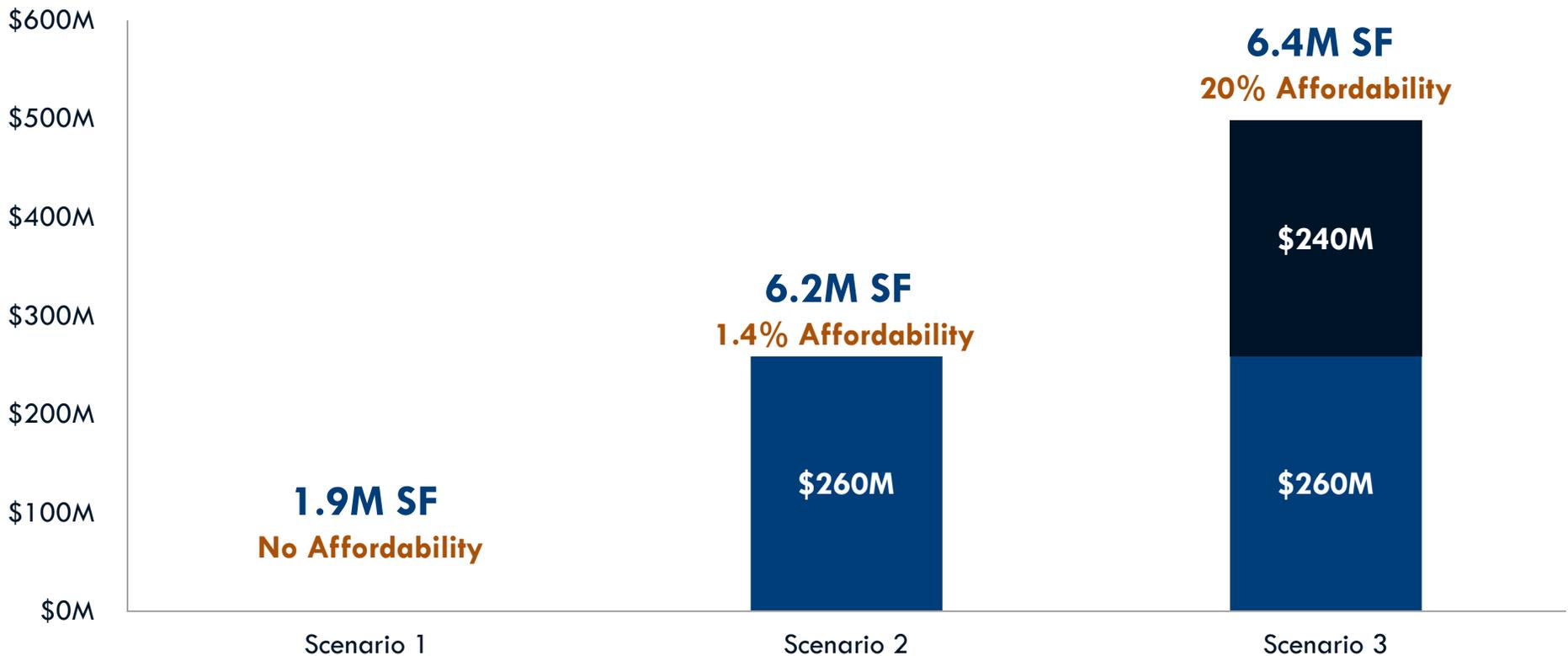
Funds infrastructure & affordability objectives envisioned in SCW Plan.

# Scenario Summary



# Investment Required for District Development

*\$260M to enable baseline, \$500M to enable inclusive and affordable growth*



# Next Steps

## TIRZ Formation Work Underway | Near Term

### Engaging CMR to Update Analysis

- Coordinating with Finance to have CMR update their 2018 tax revenue analysis

### But-For Refinement and Benefits Case

- Refine **but-for** analysis with updated data
- Estimate **project benefits**, including enhancements to property value
- Summarize other SCW plan benefits

### Economic Feasibility Analysis

- Aggregate analysis to date to determine **economic feasibility of TIRZ** in support of SCW plan

### TIRZ Documents

- Coordinating with City staff to draft TIRZ **Ordinance, Project Plan, and Preliminary Financing Plan**
- Will recommend creation of a **board of directors** comprised of SCWAB members

## TIRZ Execution Next Steps | Long Term

Return to Council  
for TIRZ Hearing

February 8<sup>th</sup>

Goal to Pass  
Resolution Forming  
TIRZ

February 18<sup>th</sup>

Finalize TIRZ  
Financing Plan

Mid/Late 2020

Issuance of Bond  
Financing

TBD: Project-  
Specific

# Questions?



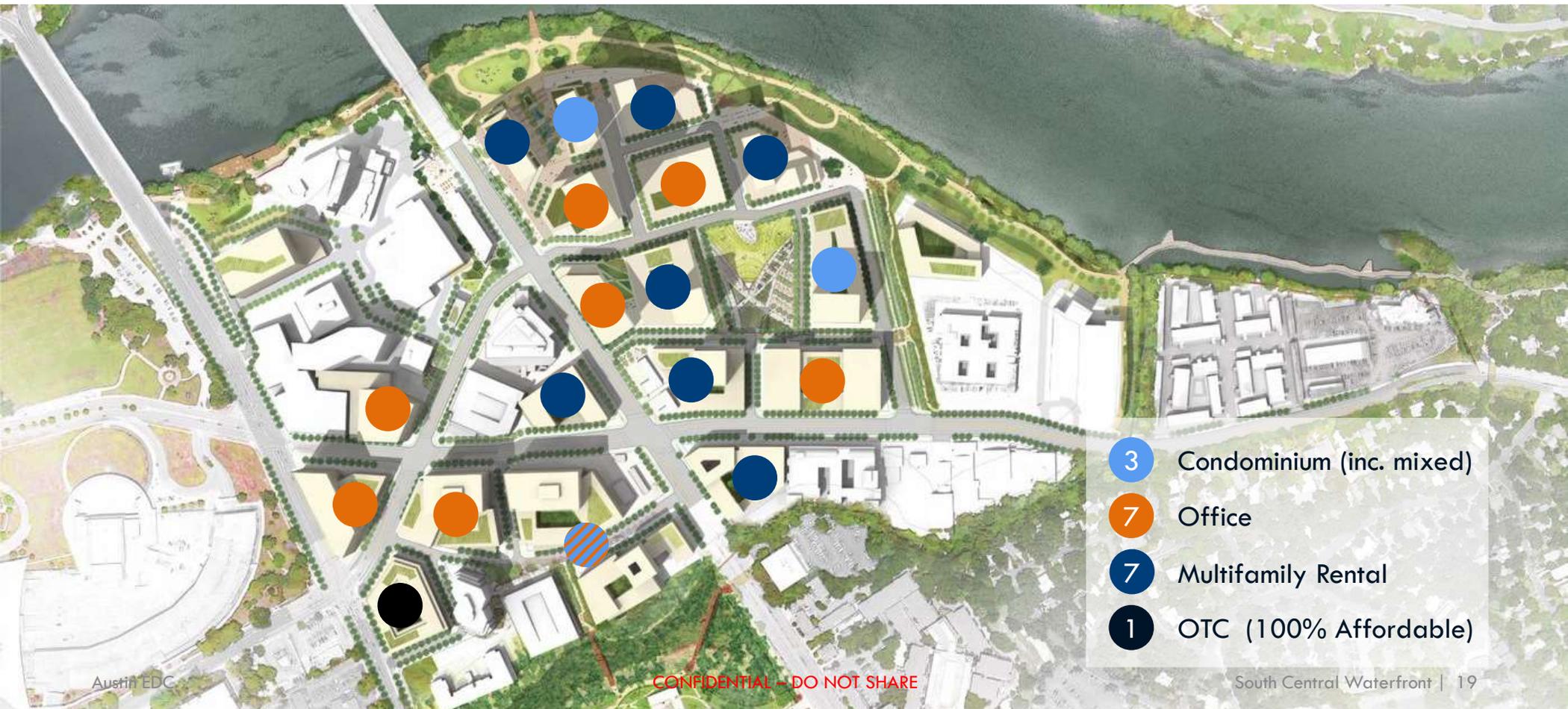
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# Appendix

**Scenario 1** | The district only supports 3 condo developments and 1 office developments without public intervention.

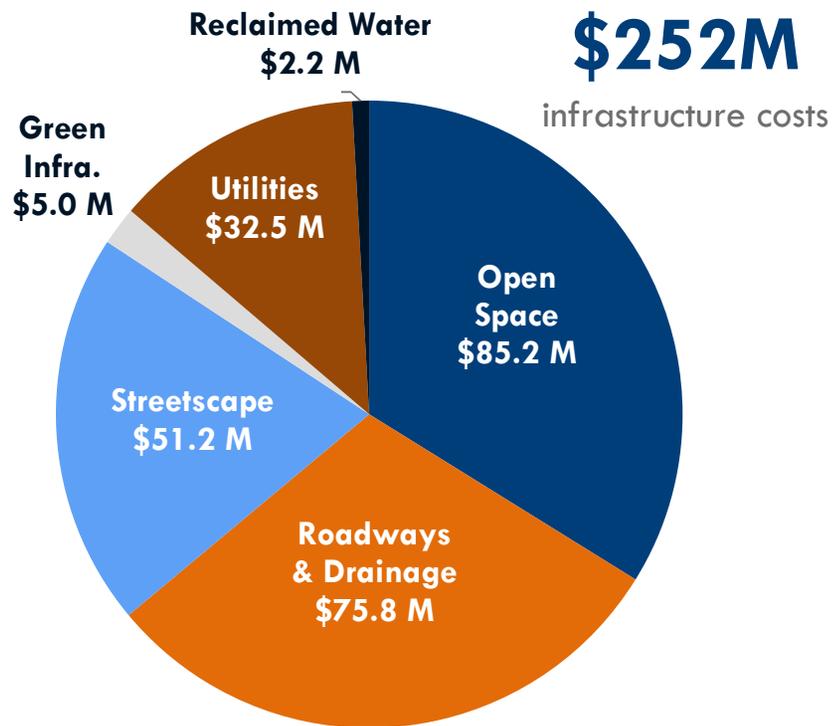


**SCW Vision** | The current plan for the SCW anticipates new development totaling 6.4M sf over 18 parcels.



**SCW Vision** | The SCW Plan envisions additional commitments to public infrastructure and affordability that require the full subsidies in Scenario 3.

**SCW PHYSICAL FRAMEWORK COSTS**



**AFFORDABILITY REQUIREMENTS**



**in-lieu fees**

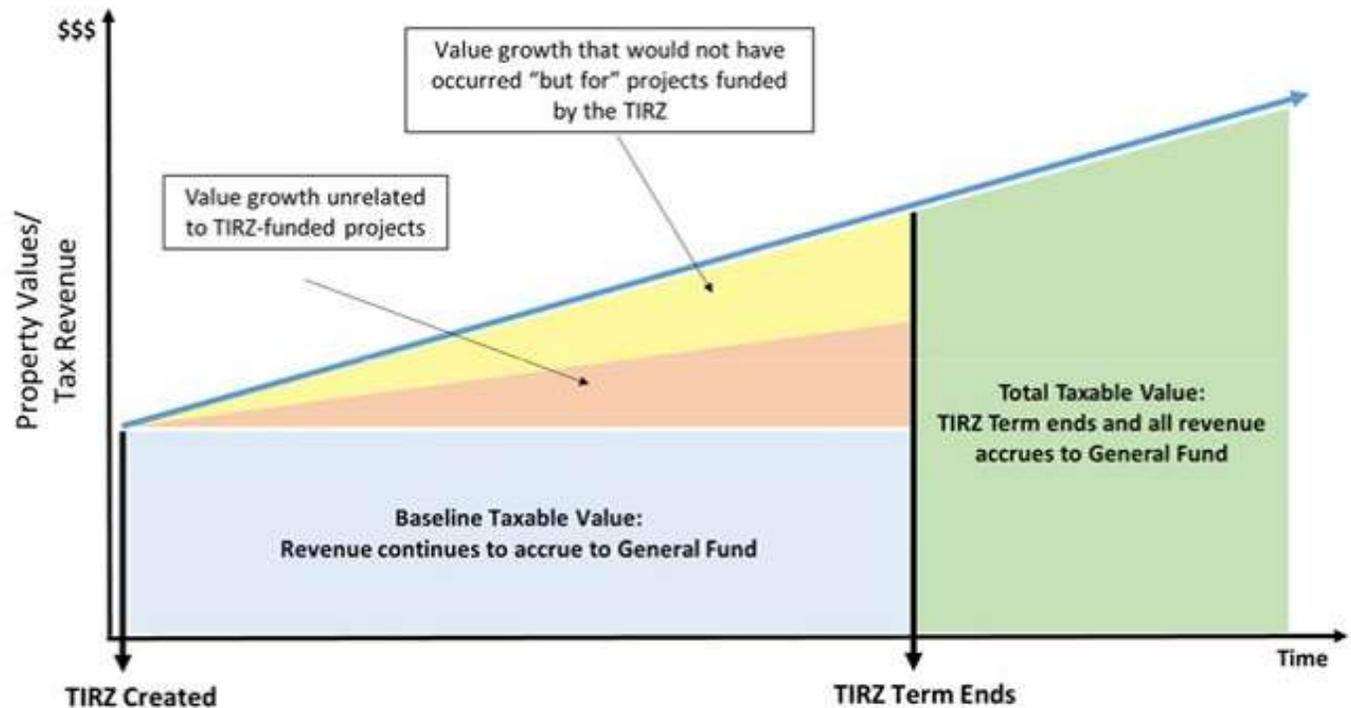


# COA TIF Policy

An SCW TIRZ can capture the tax increment created by:  
1) Existing property value increases and  
2) New development.

This new development includes both development enabled only by the TIRZ (to right in yellow) and development that might otherwise have occurred (in orange).

Figure 1A



Source: <https://www.austintexas.gov/edims/document.cfm?id=325495> Memo to Council

